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POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES FOR OTHER TYPES OF CARE OR SERVICE

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R. OUTPATIENT HOSPITAL SERVICES

1. Outpatient services by Georgia hospitals are reimbursed on a determination of allowable costs. The Department will apply the principles and standards described in 42 CFR 413.1 - 413.178, with exceptions as outlined in this plan. The determination of allowable costs is made retrospectively and is based on a cost report submitted by the hospital and audited by the Department or its agents. Only costs incurred in providing patient care are eligible for reimbursement.

The amount of interim payment is calculated as a percentage of covered charges. This payment rate is defined as allowable outpatient costs divided by covered outpatient charges. An interim payment rate cannot exceed one hundred percent of covered charges and is subject to cash settlement determination after an audited cost report is received, reviewed and accepted.

Clinical diagnostic laboratory services performed for outpatients and nonhospital patients on or after October 1, 1984, are reimbursed at the lesser of the submitted charges or 60% of the prevailing Medicare charge level.

2. The Department will provide for appropriate audit to assure that payments made to providers for outpatient hospital services meet the requirements of reasonable cost.
3. Outpatient services provided by non-Georgia hospitals are reimbursed at 65% of covered charges.
4. Effective with dates of service of July 1, 1989, and after, the maximum allowable payment for outpatient surgical procedures will be the hospital specific inpatient per case rate for enrolled Georgia hospitals and enrolled non-Georgia hospitals.
5. Emergency room visits for minor and nonacute illnesses which are not considered as true or potential medical emergencies will be reimbursed at an all-inclusive rate of \$10.00.
6. The maximum allowable payment to enrolled Georgia and non-Georgia hospitals for Medicare outpatient coinsurance (crossover claims) will be the hospital specific Medicaid per case rate. The maximum allowable payment to non-Georgia hospitals not enrolled in the Georgia Medicaid program for Medicare outpatient crossover claims will be the average hospital-specific inpatient per case rate for enrolled non-Georgia hospitals.
7. Effective for the determination of reasonable and reimbursable costs using cost reports for fiscal year 1988 and after, the costs listed below are nonallowable:
  - a) Costs related to lobbying and government relations, including costs for employees with duties related to lobbying and government relations, honorariums and reimbursement of travel or other expenses of elected officials;

TRANSMITTAL 91-29  
APPROVED 9-30-91  
EFFECTIVE 7-1-91  
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- b) Memberships in civic organizations;
- c) Out-of-state travel paid by the provider for persons other than board members or those employed or contracted by the provider. Out-of-state travel for provider personnel must be related to patient care;
- d) Vehicle depreciation or vehicle lease expense in excess of the lesser of IRS limits per vehicle or the amount allowed under Medicare reimbursement principles; provided, however, such limit shall not apply to specialized patient transport vehicles (e.g., ambulances);
- e) Air transport vehicles that are not used to transport patient care staff or patients. If these vehicles are sometimes used for patient care staff or patient transport, the portion of cost that is unrelated to patient care staff or patient transport is nonallowable;
- f) Ten percent (10%) of membership dues for national, state, and local associations;
- g) Legal services for an administrative appeal or hearing, or court proceeding involving the provider and the Department or any other state agency when judgement or relief is not granted to the provider. Legal services associated with certificate of need issuance reviews, appeals, disputes or court proceedings are not allowable regardless of outcome. Legal services associated with a provider's initial certificate of need request shall be allowable; and
- h) Advertising costs that are (a) for fund-raising purposes, (b) incurred in the sale or lease of a facility or agency or in connection with issuance of the provider's own stock, or the sale of stock held by the provider in another corporation, (c) for the purpose of increasing patient utilization of the provider's facilities, (d) for public image improvement, or (e) related to government relations or lobbying.

8.a. Effective with dates of payment of February 1, 1991, and after, the maximum allowable payment for any outpatient hospital services claim will be the hospital's Medicaid-specific inpatient per case rate. When the outpatient cost-based settlements are made, claims for outpatient services which were paid at the per case rate will be excluded from the settlement calculations.

7/1/91 8.b. Effective for outpatient services provided for dates of service on and after July 1, 1991, hospital-based physicians services will no longer be reimbursed if billed to the Hospital program on the UB-82 claim form. These services must be billed to the Physician program in order to be reimbursed by the Department.

TRANSMITTAL 91-29  
APPROVED 9-30-91  
EFFECTIVE 7-1-91  
SUPERSEDES 91-03

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- 8c. Effective with dates of payment on and after July 1, 1997, the Department will reimburse for cost-based outpatient services at 90 percent of allowable operating costs plus 90 percent of allowable capital costs. The final determination of reimbursable costs will be made at the time outpatient settlements are made using audited cost reports.
- 8d. Effective with dates of payment on and after November 1, 1991, the Department will limit payment on outpatient Medicare crossover claims as follows: (a) multiply the allowable deductible and coinsurance amount by the hospital-specific percent of charges rate in effect on the date of payment; (b) compare the product from (a) to the hospital's inpatient per case rate in effect on the date of payment; and (c) reimburse the lower of the two amounts in (b).
- 8e. Effective for dates of service July 1, 1994 and after, a \$3.00 recipient co-payment is required on all non-emergency outpatient hospital visits. Pregnant women, recipients under twenty-one years of age, nursing home residents, and hospital care recipients are not subject to the co-payment. Emergency services and family planning services are exempt from co-payment. When the outpatient cost-based settlements are made for hospital services, the co-payments plus Medicaid and certain third party payments will be compared to the allowable cost to determine the amount of final settlement.
- 8f. Effective with outpatient settlements made on and after July 15, 1993, the Department shall exclude from paid claims data used to calculate settlement claims for which a third party paid at or in excess of the amount Medicaid would pay. Third party payments which were below the Medicaid payment amount will be included with the interim payment amounts that are compared to reimbursable costs. The paid claims data used in the initial determination of outpatient settlements will be used when such settlements are adjusted.

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9. Effective for dates of service April 1, 1991, and after, the Department will provide payment to enrolled hospitals which offer, either directly or through contract, birthing and parenting classes to Medicaid-eligible pregnant women. Reimbursement will be the lesser of the amount billed for revenue code 942 or the maximum allowable payment amount established by the Department. When the outpatient cost-based settlements are made, claims for outpatient services for birthing and parenting classes will be excluded from the settlement calculations as reimbursement is at a fixed payment rate.

TRANSMITTAL 91-15  
APPROVED 6/18/92  
EFFECTIVE 4/1/91  
SUPERSEDES (NEW)

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S. Nurse Practitioner Services

Payments are limited to the lower of:

- (a) The submitted charge; or
- (b) 90% of the statewide rate for physician services in effect on the date of service.
- (c) Effective with date of service July 1, 1994, a \$2.00 recipient co-payment is required on all non-emergency office visit services for nurse practitioner providers. Pregnant women, recipients under twenty-one years of age, nursing home residents, and hospice care recipients are not required to pay the co-payment. Emergency services and family planning services are also exempt from the co-payment.

TRANSMITTAL 94-019  
APPROVED 2-3-95  
EFFECTIVE 7-1-94  
SUPERSEDES 90-33

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T. Extended Services to Pregnant Women

Postpartum Services

Payment for services shall not exceed the lower of the provider's submitted charge or the statewide maximum allowable rate in effect on the date of service. The statewide maximum allowable rate for postpartum home visits is based on the home health reimbursement composite rate which is calculated by dividing the sum of the home health reimbursement rates for all enrolled agencies by the total number of enrolled agencies.

CHILDBIRTH EDUCATION PROGRAM

Reimbursement for childbirth education classes is based on an average of the fee charged for childbirth education classes provided by local area hospitals.

Instructors will be reimbursed the instructor's usual and customary charge or the maximum allowable, whichever is lower.

TRANSMITTAL 94-03  
APPROVED 2-15-95  
EFFECTIVE 1-1-94  
SUPERSEDES 91-19

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U. DIAGNOSTIC, SCREENING, AND PREVENTIVE SERVICES

Until the Department accepts and reviews cost reports for establishing payment rates, payments will be limited to the lower of:

- a) the submitted charge for the procedure; or
- b) a pre-established statewide rate calculated at 80% of the maximum allowable rate for the same procedure provided through the physician program.

Services not normally covered in the physician program which are considered medically necessary for children under 21 but for which no rate has been pre-established will be reimbursed at 80 percent of 61 percent of the submitted charge.

A stratified random sampling of public providers must submit cost reports annually for the determination of reimbursement rates for covered services at cost. The sampling plan divides Georgia's 159 counties into mutually exclusive strata using a simple random sample of three elements: Percent of urban population, 1990; Percent of households with income of less than \$7500, 1990; and, Total visits to county health departments, 1990. The counties to be selected from each strata are determined using random numbers generated by a computer program. Counties will be selected randomly from each strata until the appropriate sample size for each strata is reached.

A sampling period is selected based upon the number of visits within the same period from 1990. Peak holiday periods, vacation time, and programmatic convenience are taken into consideration (for example, it would be difficult to do a study of this magnitude during preschool term immunization periods). All staff are trained to use the sampling forms and sampling is implemented during a twenty-day period.

Study results will be used to determine the cost of delivering services and Medicaid reimbursement rates for covered services. The final analysis will yield an average reimbursable cost per service. Rates will be periodically readjusted prospectively when reported costs warrant a change to current rates. Private providers will be paid no more than public providers.

In order to avoid distorting service cost per unit with start-up costs, cost reports will be accepted and reviewed by the Department two years after the program implementation date.

TRANSMITTAL 91-27  
APPROVED 11/29/92  
EFFECTIVE 7/1/91  
SUPERSEDES (NEW)

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u. 1. Rehabilitative Services

Payments are made to all providers for specific authorized procedures on a statewide basis and are limited to the lower of:

- a. The actual charge for the services; or
- b. The statewide rate in effect on the date of service based on the Resource Based Relative Value Scale (RBRVS) for Region I (Atlanta) except for nursing, and counseling services. The rates for Nursing Services and Counseling Services are based on established statewide rates.

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TN No. 98-003

Supersedes

TN No. 93-025

Approval Date 5/26/98 Effective Date 1/1/98



STATE Georgia

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V. Therapy Services: (Includes Physical, Occupational, and  
Speech Pathology Therapists)

Payments are made for specific authorized procedures on  
a statewide basis and are limited to the lower of:

- a) The actual charge for the service; or
- b) The statewide rate in effect on the date of  
service based on the Resource Based Relative  
Value Scale (RBRVS) for Region 1 (Atlanta).

TRANSMITTAL 93-050  
APPROVED 3-25-94  
EFFECTIVE 10-15-93  
SUPERSEDES 93-044